



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board

Approval Under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: **Background.** Notice is hereby given of the final approval of a proposed information collection by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, as per 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

FOR FURTHER INFORMATION CONTACT:

Federal Reserve Board Clearance Officer — Cynthia Ayouch —
Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 (202-452-3829) Telecommunications

Device for the Deaf (TDD) users may contact (202-263-4869), Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer — Shagufta Ahmed — Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW., Washington, D.C. 20503.

Final approval under OMB delegated authority of the revision, without extension, of the following reports:

1. Report title: Financial Statements for Holding Companies.¹

Agency form number: FR Y-9C.

OMB control number: 7100-0128.

Frequency: Quarterly.

Reporters: Bank holding companies (BHCs) , savings and loan holding companies (SLHCs), and securities holding companies (SHCs) (collectively, “holding companies” (HCs)).

¹ This family of reports also contains the following mandatory reports, which are not being revised: the Parent Company Only Financial Statements for Large Bank Holding Companies (FR Y-9LP), the Financial Statements for Employee Stock Ownership Plan Bank Holding Companies (FR Y-9ES), and the Supplement to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9CS).

Estimated average hours per response: Non-advanced approaches HCs:

48.84 hours, and advanced approaches HCs: 50.09.

Estimated annual reporting hours: 222,770 hours

Number of respondents: 1,140.

General description of report: This information collection is mandatory for BHCs (12 U.S.C-§ 1844(c)(1)(A)). Additionally, 12 U.S.C.

§§ 1467a(b)(2)(A) and 1850a(c)(1)(A), respectively, authorize the Federal Reserve to require that SLHCs and supervised SHCs file the FR Y-9C with the Federal Reserve. Confidential treatment is not routinely given to the financial data in this report. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6), or (b)(8) of FOIA (5 U.S.C. §§ 522(b)(4), (b)(6), and (b)(8)).

Abstract: The FR Y-9C consists of standardized financial statements similar to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 & 041; OMB No. 7100-0036) filed by commercial banks and savings associations. The FR Y-9C collects consolidated data from HCs. The FR Y-9C is filed by top-tier HCs (under certain circumstances, a lower-tier HC may act as the top tier of the organization for purposes of regulatory

reporting) with total consolidated assets of \$500 million or more. (Under certain circumstances defined in the General Instructions, BHCs under \$500 million may be required to file the FR Y-9C.) The Federal Reserve proposed revisions to the FR Y-9C consistent with the regulatory capital rules approved by the Board on July 2, 2013 (revised regulatory capital rules).²

Current Actions: On August 12, 2013, the Federal Reserve published a notice in the *Federal Register* (78 FR 48871, August 12, 2013) requesting public comment for 60 days on the revision to the FR Y-9C (the proposal). The comment period for this notice expired on October 11, 2013.

The Federal Reserve received two comment letters regarding proposed revisions to the FR Y-9C from one banking organization and one bankers' association. In addition, the Federal Reserve, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) (the agencies) collectively received three comment letters, including the two comment letters mentioned above, on proposed revisions to the Consolidated Reports of Condition and Income (Call Reports)

² On July 2, 2013, the Board approved the revised regulatory capital rules that were proposed on August 30, 2012. On July 9, 2013 the OCC approved the revised regulatory capital rules and the FDIC issued an interim final rule to approve the revised regulatory capital rules. See 78 FR 62018 (October 11, 2013) (Board and OCC); 78 FR 55340 (September 10, 2013) (FDIC). See also 77 FR 52888, 52909, 52958 (August 30, 2012).

(FFIEC 031 & 041; OMB No. 7100-0036), which parallel proposed revisions to the FR Y-9C and were taken into consideration in finalizing the proposal.³ The commenters asked for clarification on the applicability and effective dates of the proposed reporting requirements and for additional clarifications and instructions on certain line items.⁴

Detailed Discussion of Public Comments

1. Proposed FR Y-9C, Schedule HC-R

Under the proposal, in March 2014, the existing and proposed regulatory capital components and ratios portion of Schedule HC-R would be designated Parts I.A and I.B, respectively. Advanced approaches HCs

³ The Federal Reserve expects to publish at a later date a request for comment to revise the risk-weighted assets portion of the FR Y-9C, Schedule HC-R, Part II and add Part II to the FR Y-9SP, Schedule SC-R, consistent with the standardized approach for calculating risk-weighted assets under the revised regulatory capital rules. The revisions to the risk-weighted assets portion of the respective regulatory capital schedules would become effective in the first applicable reporting period in 2015. Therefore, for report dates in 2014, all HC-R respondents will continue to report risk-weighted assets in the portion of Schedule HC-R that contains existing data items 34 through 62 and Memoranda items 1 and 2 of current Schedule HC-R, but this portion of the schedule would be designated Part II and the data items would retain their existing numbers.

⁴ In addition, one other commenter on the proposal urged the Federal Reserve to revise the regulatory capital treatment of the allowance for loan and lease losses (ALLL) if the Financial Accounting Standards Board (FASB) changes the accounting standards applicable to ALLL. The Federal Reserve notes that this comment suggests a substantive change to the revised regulatory capital rules and is outside the scope of the proposed changes to the FR Y-9C and the FR Y-9SP.

would be required to file Part I.B in March 2014, which includes the reporting revisions consistent with the revised regulatory capital rules. All other HCs, except SLHCs, would file Part I.A, which includes existing data items 1 through 33 of current Schedule HC-R, for the reporting periods in 2014. In March 2015, Part I.A would be removed and Part I.B would be designated Part I; all HCs that are subject to FRY-9C filing requirements would then submit Schedule HC-R, Part I.

As proposed, Part I.B, Regulatory Capital Components and Ratios, would be divided into the following sections: (A) common equity tier 1 capital; (B) common equity tier 1 capital: adjustments and deductions; (C) additional tier 1 capital; (D) tier 2 capital; (E) total assets for the leverage ratio; (F) capital ratios; and (G) capital buffer. A brief description of each of these sections and the corresponding line items is provided below. The Federal Reserve did not receive any comments on the overall structure of the proposed Schedule HC-R, Part I.B and thus the Federal Reserve is proceeding with the overall structure of Part I.B, as proposed.

The Federal Reserve received several questions regarding the effective dates of the proposed FR Y-9C and certain items that apply to advanced approaches institutions only. One commenter asked when an HC subject to the Supervision and Regulation Letter (SR) 01-1 exemption must

report the FR Y-9C, including the proposed Schedule HC-R. The Federal Reserve is clarifying in the reporting instructions that, consistent with the revised regulatory capital rules, these institutions are not subject to the consolidated regulatory capital requirements until July 21, 2015.⁵ Thus, these institutions will be required to file the FR Y-9C, including the proposed Schedule HC-R, in the first reporting period following that date, which is the September 30, 2015, reporting date.

The same commenter asked when an HC is required to complete items that apply to advanced approaches HCs if the institution becomes subject to the advanced approaches rule but has not begun its parallel run period. The Federal Reserve is clarifying in the general instructions for the proposed Schedule HC-R that an institution must begin reporting certain advanced approaches-related items at the end of the quarter after the quarter in which the institution triggers one of the threshold criteria for applying the advanced approaches rule or elects to use the advanced approaches rule (an opt-in institution). An institution will be deemed to have elected to use the advanced approaches rule on the date that the Federal Reserve receives from the institution a board-approved implementation plan pursuant to section 121(b)(2) of the revised regulatory capital rules. After that date, the

⁵ 78 FR 62018 (October 11, 2013).

institution may no longer apply the accumulated other comprehensive income (AOCI) opt-out election, consistent with section 22(b)(2) of the revised regulatory capital rules, and it becomes immediately subject to the supplementary leverage ratio in section 10(c)(4) and associated transition provisions. The institutions will be required to report all other advanced-approaches related items (i.e., items 30.b, 32.b, 34.b, 35.b, 40.b, column B in items 41 through 44, and item 46.b) only after it completes its parallel run period, consistent with the proposal.

The Federal Reserve received several questions regarding the reporting treatment for items subject to transition provisions in the proposed Schedule HC-R, Part I.B. Specifically, commenters asked for clarification on reporting transition amounts of items subject to regulatory capital adjustments and deductions and reporting disallowed amounts during the transition period. As described below in section 1.B below, transition amounts are to be reported in the Schedule HC-R line item applicable to the particular regulatory capital adjustment or deduction, while the otherwise disallowed portion of each of those items is either risk-weighted or deducted from additional tier 1 capital, depending on the item.

Commenters also asked for clarification of the reporting of the risk-weighted portion of an item subject to deduction in Schedule HC-R. The

Federal Reserve is clarifying the instructions for Part I.B of Schedule HC-R that the risk-weighted portion of such items as proposed must be reported in the line item appropriate to the item subject to deduction in Schedule HC-R, Part II, Risk-Weighted Assets. In addition, the Federal Reserve is clarifying that even though certain deductions may be net of associated deferred tax liabilities (DTLs), the risk-weighted portion of those items may not be reduced by the associated DTLs.

For example, for HCs subject to the revised regulatory capital rules on January 1, 2014, the appropriate line item for reporting the risk-weighted portion of mortgage servicing assets (MSAs) that are not deducted from common equity tier 1 capital, for report dates in 2014, is Schedule HC-R, Part II, item 42, “All other assets.” The risk-weighted asset portion of MSAs may not be reduced by any associated DTLs. Also, the Federal Reserve proposed that line items in Part II be renumbered in 2015 because, as indicated in the proposal, the risk-weighted assets portion of Schedule HC-R would be revised to incorporate the standardized approach for calculating risk-weighted assets under the revised regulatory capital rules. Line item references in Schedule HC-R, Part II will be updated, as appropriate, in the instructions for 2015 after the revisions to the risk-weighted assets portion of the schedule are finalized.

Two commenters asked whether the proposed deduction of equity investments in financial subsidiaries in Schedule HC-R, Part I.B, line 10(b), should apply to HCs. The Federal Reserve is clarifying the instructions to note that, consistent with the current regulatory capital rules and reporting requirements, the requirement to deduct equity investments in financial subsidiaries does not apply at the consolidated HC level.

One commenter asked about deductions from common equity tier 1 capital and additional tier 1 that must be made to calculate total assets for the leverage ratio. The Federal Reserve is specifying in the reporting instructions the deductions that must be made to calculate total assets for the leverage ratio, as described in section 1.E below.

One commenter asked the Federal Reserve to confirm the effective dates for reporting the capital conservation buffer and the supplementary leverage ratio. The Federal Reserve is confirming that the capital conservation buffer (and any other applicable buffer for advanced approaches institutions) must be reported for report dates after January 1, 2016. Advanced approaches HCs must report the supplementary leverage ratio for report dates after January 1, 2015 (see section 1.F below for further details). The Federal Reserve also is shading out the corresponding cells in

the reporting form for Schedule HC-R, Part I.B, to show that institutions should not report these items until they become effective.

A brief description of the proposed revisions and the comments received on specific line items in Schedule HC-R, Part I.B, is provided below.

A. Proposed Schedule HC-R, Part I.B, items 1-5: Common equity tier 1 capital

Under the proposal, line items 1 through 5 will collect information regarding the new regulatory capital component, common equity tier 1 capital. The Federal Reserve did not receive any comments on these line items and thus the Federal Reserve is retaining the proposed line items without modification.

B. Schedule HC-R, Part I.B, items 6-19: Common equity tier 1 capital: adjustments and deductions

Proposed line items 6 through 19 reflect adjustments and deductions to common equity tier 1 capital, as described in section 22 of the revised regulatory capital rules. The Federal Reserve received a number of questions on reporting items subject to transition provisions. Specifically, questions related to items 7 through 10 asked where the transition amounts of the adjustments and deductions covered by these specific items are to be

reported. The instructions for proposed Schedule HC-R, Part I.B, explain that during the transition period as proposed, institutions must report the transition amounts of these adjustments and deductions, rather than their fully phased-in amounts, in items 7 through 10. Institutions will not be required to report fully phased-in amounts in items 7 through 10 until the transition period ends.

For example, during the transition period, an institution must report in item 7 the appropriate transition amount of intangible assets (other than goodwill and MSAs), net of associated DTLs, as described in the instructions for that line item. The institution must also risk weight the non-deducted portion of that item at 100 percent and report it in Schedule HC-R, Part II, item 42, “All other assets.” As another example, during the transition period, an institution must report in item 8 the appropriate transition amount of deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs, calculated as a percentage of the adjustment applied to common equity tier 1 capital. The institution must then report during the transition period the remaining balance of DTAs that arise from net operating loss and tax credit carryforwards, net of any related valuation

allowances and net of DTLs, in Schedule HC-R, Part I.B, item 24,

“Additional tier 1 capital deductions.”

A commenter also asked about risk weighting the non-deducted portion of the threshold items (that is, significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs; MSAs net of associated DTLs; and DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs). The instructions for proposed Schedule HC-R, Part I.B, will explain that during the transition period the non-deducted portion of these threshold items must be risk weighted at 100 percent in accordance with section 300 of the revised regulatory capital rules and reported in Schedule HC-R, Part II, “All other assets.” For report dates after January 1, 2018, the non-deducted portion of the threshold items must be risk-weighted at 250 percent in accordance with section 22 of the revised regulatory capital rules and reported in the appropriate asset category in Schedule HC-R, Part II.

C. Schedule HC-R, Part I.B, items 20 through 25: Additional tier 1 capital, and item 26: Tier 1 capital

Proposed line items 20 through 25 pertain to the reporting of additional tier 1 capital elements under section 20 of the revised regulatory

capital rules, along with related adjustments for non-qualifying capital instruments subject to phase-out. The Federal Reserve did not receive any comments on these line items and thus the Federal Reserve is retaining the proposed line items without modification.

D. Schedule HC-R, Part I.B, items 27 through 34: Tier 2 capital, and item 35: Total capital

Proposed line items 27 through 34 pertain to the reporting of tier 2 capital elements under section 20 of the revised regulatory capital rules, along with related adjustments for non-qualifying capital instruments subject to phase-out. The Federal Reserve did not receive any comments on these line items and thus the Federal Reserve is retaining the proposed line items without modification.

E. Schedule HC-R, Part I.B, items 36 through 39: Total assets for the leverage ratio

Under the proposal, institutions will report data for the calculation of the leverage ratio in items 36 through 39. One commenter asked the Federal Reserve to confirm the deductions from common equity tier 1 capital and additional tier 1 capital that must be made to calculate total assets for the leverage ratio. Specifically, the commenter asked whether the deductions made in Schedule HC-R, Part I.B, items 13 through 15, also must be made

for purposes of the leverage ratio. The Federal Reserve is clarifying the reporting instructions for proposed Schedule HC-R, Part I.B, items 37 and 38, to address the commenter's question. The Federal Reserve confirms that the amounts deducted from common equity tier 1 and additional tier 1 capital in Schedule HC-R, Part I.B, that items 6, 7, 8, 10.b, 11, 13 through 17, and 24 must be included in Schedule HC-R, Part I.B, item 37. In addition, any other amounts that are deducted from common equity tier 1 and additional tier 1 capital, such as deductions related to AOCI-adjustments, must be included in Schedule HC-R, Part I.B, item 38.

F. Schedule HC-R, Part I.B, item 40: Total risk-weighted assets and items 41 through 45: Capital ratios

Under the proposal, institutions will report data for the calculation of risk-weighted assets and capital ratios in items 41 through 45. The Federal Reserve received one question on this section of the proposal. Specifically, a commenter asked the Federal Reserve to confirm the effective date of reporting the supplementary leverage ratio in item 45. The Federal Reserve is modifying the Schedule HC-R, Part I.B, reporting form and instructions for proposed item 45 to clarify that this item must be reported for report dates after January 1, 2015.

Under the proposal, for report dates in 2014, HCs that are advanced approaches institutions will continue applying the general risk-based capital rules to calculate their total risk-weighted assets, which will continue to be reported in current item 62 of the risk-weighted assets portion of Schedule HC-R (to be designated Part II of the schedule in March 2014). This total risk-weighted assets amount will then also be reported in item 40.a of Part I.B of Schedule HC-R for report dates in 2014 and will serve as the denominator for the risk-based capital ratios reported in Schedule HC-R, Part I.B, items 41 through 44, column A. Effective March 31, 2015, HCs will be required to apply the standardized approach, described in subpart D of the revised regulatory capital rules, to calculate and report their risk-weighted assets in item 40.a and the risk-based capital ratios in items 41 through 44, column A, of the regulatory capital components and ratios portion of Schedule HC-R.

Advanced approaches HCs will report items 40 through 45 on proposed Schedule HC-R, Part I.B, as follows.

-

F

or report dates in 2014, these institutions will continue applying the general risk-based capital rules to report their total risk-weighted

assets in item 40.a, which will serve as the denominator of the ratios reported in items 41 through 44, column A.

- S

Starting on March 31, 2015, these institutions will apply the standardized approach, described in subpart D of the revised regulatory capital rules, to calculate and report their risk-weighted assets in item 40.a and the regulatory capital ratios in items 41 through 44, column A.

- A

After they conduct a satisfactory parallel run, these institutions will report their total risk-weighted assets (item 40.b) and regulatory capital ratios (items 41 through 44, column B) using the advanced approaches rule.

- I

In addition, starting on March 31, 2015, these institutions will report a supplementary leverage ratio in item 45, as described in section 10 of the revised regulatory capital rules.

The Federal Reserve did not receive any comments on the proposed reporting of the regulatory capital ratios by advanced approaches institutions

and thus the Federal Reserve is retaining this section of the proposal without modification.

G. Schedule HC-R, Part I.B, items 46 through 48: Capital buffer

Under the proposal, an institution's capital conservation buffer and related information will be reported in items 46 through 48. The Federal Reserve received a question asking to confirm the effective date for reporting items 46 through 48. The Federal Reserve is modifying the Schedule HC-R, Part I.B, reporting form and instructions for proposed items 46 through 48 to clarify that these items become effective for report dates after January 1, 2016. Until March 31, 2016, the corresponding cells in the draft reporting form for Schedule HC-R, Part I.B, will be shaded out.

2. Report Title: Parent Company Only Financial Statements for Small Holding Companies.

Agency form number: FR Y-9SP.

OMB control number: 7100-0128.

Frequency: Semiannually, as of the last calendar day of June and December.

Reporters: BHCs, SLHCs and SHCs with total consolidated assets of less than \$500 million (small BHCs, small SLHCs and small SHCs).

Estimated annual reporting hours: 49,443.

Estimated average hours per response: BHCs: 5.40 hours, SLHCs: 14.20 hours; One-time implementation: 500 hours.

Number of respondents: 4,094.

General description of report: This information collection is mandatory for BHCs [12 U.S.C. § 1844(c)(1)(A).] Additionally, 12 U.S.C.

§§ 1467a(b)(2)(A) and 1850a(c)(1)(A), respectively, authorize the Federal Reserve to require that SLHCs and supervised SHCs file the FR Y-9SP with the Federal Reserve. Confidential treatment is not routinely given to the financial data in this report. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6), or (b)(8) of the Freedom of Information Act (5 U.S.C. §§ 552(b)(4), (b)(6), and (b)(8)).

Abstract: The FR Y-9SP is a parent company only financial statement filed by HCs with total consolidated assets of less than \$500 million. This form is a simplified or abbreviated version of the more extensive parent company only financial statement for large HCs (FR Y-9LP). This report is designed to obtain basic balance sheet and income information for the parent company, information on intangible assets, and information on intercompany transactions. The Federal Reserve proposed several revisions

to the FR Y-9SP consistent with the regulatory capital rules approved by the Board on July 2, 2013 (revised regulatory capital rules).⁶

Current Actions: On August 12, 2013, the Federal Reserve published a notice in the *Federal Register* (78 FR 48871) requesting public comment for 60 days on the revision to the FR Y-9SP. The comment period for this notice expired on October 11, 2013.

The Federal Reserve did not receive any comments specific to the proposed Schedule SC-R on the FR Y-9SP. The Federal Reserve is making corresponding changes to the Schedule SC-R reporting form and instructions consistent with the Schedule HC-R changes described above.

In addition, the Federal Reserve is modifying the name of the proposed “Schedule SC-R, Regulatory Capital Components and Ratios” to “Schedule SC-R, Regulatory Capital, Part I. Regulatory Capital Components and Ratios.” This modification will be consistent with the Federal Reserve’s intent to propose additions to the proposed Schedule SC-R, which will collect information on risk-weighted assets for the regulatory capital ratios and be designated as Part II.

⁶ On July 2, 2013, the Board approved the revised regulatory capital rules that were proposed on August 30, 2012. On July 9, 2013 the OCC approved the revised regulatory capital rules and the FDIC issued an interim final rule to approve the revised regulatory capital rules. See 78 FR 62018 (October 11, 2013) (Board and OCC); 78 FR 55340 (September 10, 2013) (FDIC). See also 77 FR 52888, 52909, 52958 (August 30, 2012).

Board of Governors of the Federal Reserve System, January 7, 2014.

Robert deV. Frierson,
Secretary of the Board.
Billing Code 6210-01-P

[FR Doc. 2014-00227 Filed 01/09/2014 at 8:45 am; Publication Date:
01/10/2014]